



Arizona Set Aside Procurement Program
Subcommittee Meeting Minutes
December 10, 2013

Attendance:

Members Present:

James Apperson, Subcommittee Chair, DES
Rick Crago, AZ Lottery
Steven King, Beacon

Richard Monaco, AIB
Rebecca O'Brien, DHS
Brian Radecki, ACI

Delia Walters, ADOA

State Procurement Office Staff Present:

Matthew Miles

Others Present:

Armando Bernasconi, QC
Mark Botterbusch, Gompers

Doug Arnett, QC
Jennifer Baier, ValleyLife

Lenora Falbo, Vision
Lee Bougneit, Goodwill AZ

Minutes:

I. CALL TO ORDER: James Apperson, subcommittee chair, called the meeting to order at 3:05 P.M.

II. ROLL CALL: Mr. Apperson asked all attendees to give their name in roll call.

III. Discussion (Possible Action):

Mr. Apperson opened the meeting up for discussion. He asked the subcommittee members to discuss their opinions on procedures and guidelines for the Set Aside Program.

Dick Monaco began by discussing the statute in Arizona Procurement Code which talks about the approval process. Mr. Monaco stated that it is hard to distinguish when a contract should be included in Set Aside. It appears to him that many contracts are being considered Set Aside contracts when they don't meet the criteria. People with disabilities are underemployed which justifies the existence of the program. Regarding reporting, Mr. Monaco believes that the current reporting is wrong; \$7.7 million is not accurate and is an overstatement. It is Mr. Monaco's opinion that there are organizations such as Catholic Community Services and Foundation for Blind Services that do good work for the community, but should not be reported as state Set Aside because Set Aside contracts require a product or service, performed, and needs to employ the disabled. Mr. Monaco continued stating there is a definition problem in addition to a process problem. The statute sets up the infrastructure for the committee but it does not define a clear purpose. Set Aside contracts are supposed to be carried out by workforces that are made up of at least 60% people with disabilities. He stated that the Set Aside Program does not fulfill its intended purpose as well as many other progressive states do.

Steve King agreed with many of Mr. Monaco's concerns. There is no defined step-by-step process for the Set Aside Program.

Mr. Apperson stated that it is part of the subcommittee's duty to establish and define a step-by-step process. There is very limited staff on both the nonprofit and state sides to deal with these contracts. The bidding process may not be the best way to award Set Aside contracts.

Mr. Monaco stated that the Ability One Program utilizes the assignment process which looks at where contract can best be performed. It uses criteria such as experience, ability, amount of staff with disabilities (75%), and geography.

Mr. Apperson expressed concern that the Set Asides affect small business and questioned if there is a definition of small business. Mr. Monaco stated that it is the same as the state: 50 employees or less or \$5,000,000 of revenue or less.

Rick Crago mentioned how Set Aside is presented on ProcureAZ. Delia Walters is currently taking over Set Aside duty. Ms. Walters stated that Holly Howe in SPO was responsible for Set Aside contracts but she went on leave then decided not to return. A review needs to occur to determine if all Set Aside contracts are listed as such on ProcureAZ. In addition there is a listing on the SPO website of Set Aside contracts but it is confusing whether they are archival or current. Mr. Crago pointed out there is no way to navigate to only Set Aside vendors on ProcureAZ. Ms. Walters adds "-SA" within the description to show that contracts are Set Aside but another way is needed. There is no Set Aside vendor list on ProcureAZ either.

Mr. Crago said another issue is that Set Aside vendors are coming to us with product. We need to communicate to them what our actual needs are. Also, there are Set Asides and non-Set Asides on the same contract. This may be due to the fact that organizations may change their status for different contracts. Dealing with different evaluation processes is problematic when Set Aside and non-Set Aside vendors are competing.

Ms. Walters mentioned that SPO is in the middle of the hiring process to fill Holly's old position, along with several other positions, so there will be a dedicated staff member for the Set Aside Program.

Mr. Apperson would like to meet in mid-January before the next scheduled quarterly meeting that takes place on January 29th.

IV. FUTURE AGENDA ITEMS

1. Ms. Walters stated the State Procurement Office can do more research and present a report if necessary. Jean Clark, State Procurement Administrator, will be willing to come to future meetings if necessary.
 - a. Mr. Apperson stated that we need a listing of State Set Aside contracts, a definition of small business, improve the website, include a list of vendors, and a way to verify that employees are actually disabled?
 - Mr. Monaco stated there is a verification method in the Ability One Program. The Ability One Program hires someone to audit organizations every two years. There are a handful of organizations that don't meet the 75% requirement and they are reprimanded.
2. Jim wondered if we could create the steps identified for becoming a contractor.
 - a. Ms. Walters can provide them.
 - b. Mr. Monaco mentioned they need to become qualified and also need to maintain that status.
3. Mr. Monaco will draft a form for becoming an approved Set Aside vendor.

V. COMMITTEE COMMENTS AND SUGGESTIONS

There were no comments or suggestions.

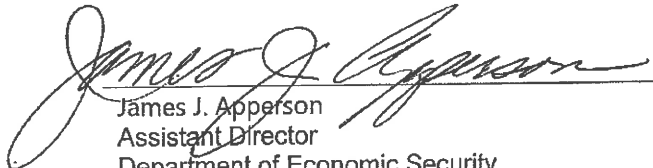
VI. CALL TO THE PUBLIC

1. Armando Bernasconi from Quality Connections stated that they haven't had a state Set Aside contract in four years. He wants to reiterate Mr. Monaco's point about the numbers on the report not being accurate. He likes the idea of a separate Set Aside website or section.
 - a. Mr. Apperson stated that it may be a good idea to promote the Set Aside Program.
 - Mr. Monaco said there is a section on ProcureAZ for Set Aside but it is not up to date.
2. Doug Arnett from Quality Connections stated providing what the state's need and spend are would greatly help the organizations. He believes it is in the statutes that in the beginning of every fiscal year that the state should provide this.

VII. ADJOURNMENT: The meeting was adjourned at 4:02 p.m.

NEXT MEETING: Wednesday, January 29, 2014 at 1:30 p.m.

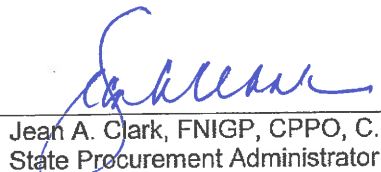
For inclusion on the next regular agenda, contact Delia Walters at (602) 542-9125. With prior notice to Jean Clark, committee members can appoint a proxy if they are unable to attend the meeting. If you require special accommodations, please contact Danielle Webster at (602) 542-9146 at least three working days prior to the meeting.


James J. Apperson
Assistant Director
Department of Economic Security
Division of Employment and Rehabilitation Services

1/23/14
Date

Submitted by:
Matthew Miles
Procurement Associate
State Procurement Office

APPROVED BY THE COMMITTEE:


Jean A. Clark, FNIGP, CPPO, C.P.M., CPPB, CPM
State Procurement Administrator

1/29/14
Date

POSTED: